

GLENWOOD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2006 election)		
Linda Young	President	2008
Nancy Krogstad	Vice President	2008
Theresa Romens	Board Member	2007
Frank Overhue	Board Member	2006
Bill Agan	Board Member	2006
Board of Education (After September 2006 election)		
Linda Young	President	2008
Nancy Krogstad	Vice President	2008
Theresa Romens	Board Member	2007
Frank Overhue	Board Member	2009
Bill Agan	Board Member	2009
School Officials		
Dewitt Sibley	Superintendent	2007
Judy Picker	District Secretary/Treasurer and Business Manager	2007
Rick Franck	Attorney	2007

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Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Glenwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District, Glenwood, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2008 on our consideration of the Glenwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 15 and 38 through 39 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Glenwood Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for three years ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 8, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 4, 2008

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

The discussion and analysis of Glenwood Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

- The district passed a \$19,700,000 Bond Issue to build a new high school on March 28, 2006. Sold the second bond in the amount of \$8,275,000 in June 2007.
- Approved Omaha Construction Services lump sum bid of \$17,169,000 for the new high school building project.
- The district traded four lots north of the Northeast Elementary for property adjacent to the West Elementary for parking and sold the remaining two lots for \$55,250.
- Set cash reserve levy at \$450,000 to help with cash flow purposes.
- With 3rd and 4th grade professional development time focused on reading and math, 4th grade achievement scores increased in both curriculum areas.
- The district increased the Technology Budget to \$113,000 for the school year. Changed a fire wall and purchased new lab of computers at Building Bridges and some additional classroom computers district wide.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different view of the district:

- The first two statements are district-wide financial statements that provide both Short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Proprietary funds statements offer short and long term financial information about the activities the District operates like businesses, such as food service and day care.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

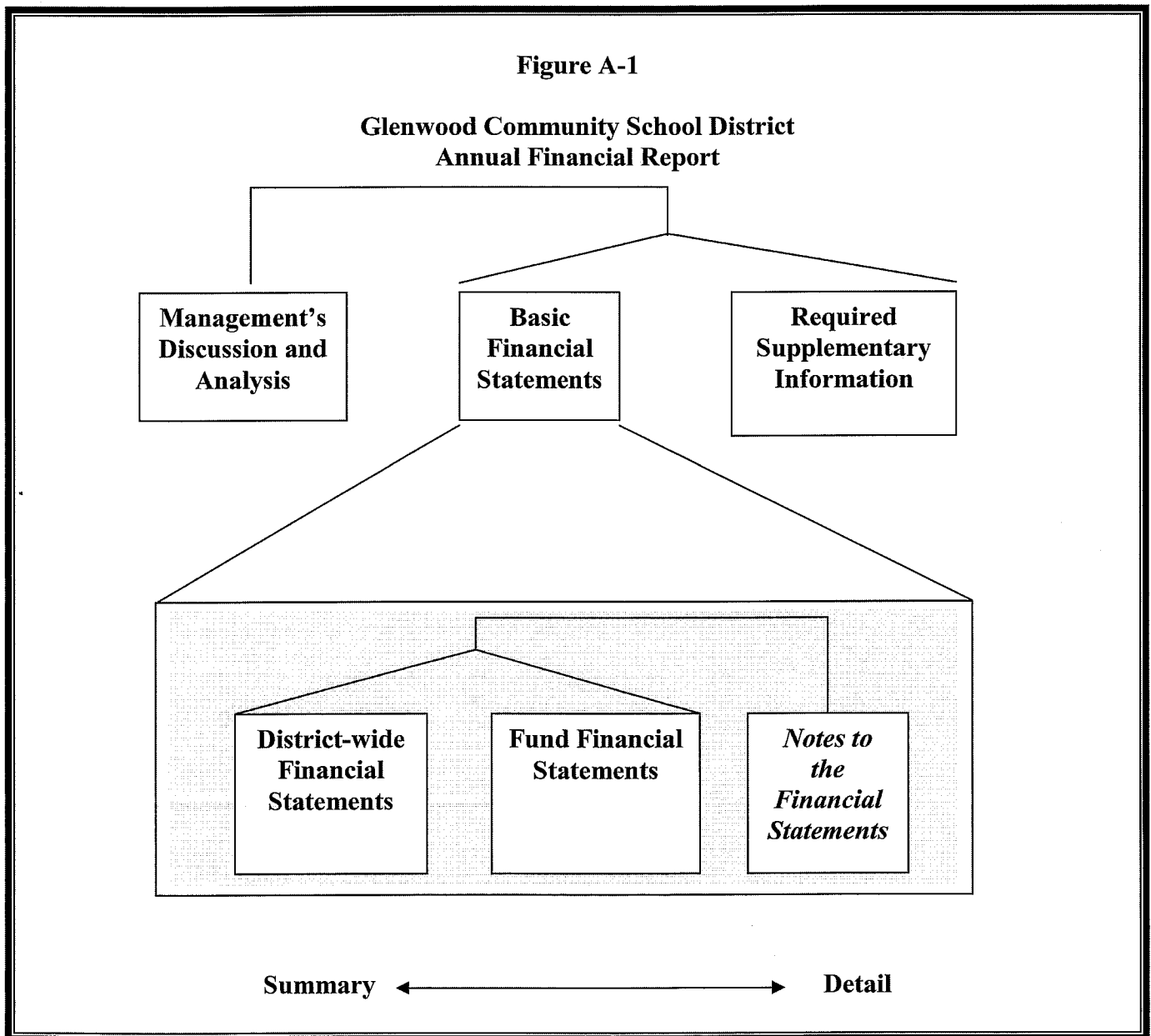


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Propriety Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term’ funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The District-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The District-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these areas.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service programs and day care would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the

governmental funds statements explains the relationship (or differences) between them.

- **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provides supplies and services for other District programs and activities.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

Net assets. The District's combined net assets were as follows:

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 31,285,953	22,416,343	537,433	439,449	31,823,386	22,855,792	39.24%
Capital assets	14,356,306	12,303,906	92,764	98,238	14,449,070	12,402,144	16.50%
Total assets	45,642,259	34,720,249	630,197	537,687	46,272,456	35,257,936	23.80%
Long-term obligations	21,514,970	14,160,779	0	10,286	21,514,970	14,171,065	51.82%
Other liabilities	8,745,141	7,928,692	39,352	13,386	8,784,493	7,942,078	10.61%
Total liabilities	30,260,111	22,089,471	39,352	23,672	30,299,463	22,113,143	27.02%
Net assets:							
Invested in capital assets, net of related debt	9,295,359	9,065,677	92,764	98,238	9,388,123	9,163,915	2.45%
Restricted	3,457,914	429,637	0	0	3,457,914	429,637	704.85%
Unrestricted	2,628,875	3,135,464	498,081	415,777	3,126,956	3,551,241	-11.95%
Total net assets	\$ 15,382,148	12,630,778	590,845	514,015	15,972,993	13,144,793	21.52%

**Figure A-4
Change in Net Assets**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 1,932,756	1,850,051	917,573	939,795	2,850,329	2,789,846	2.17%
Operating grants and contributions and restricted interest	1,855,283	2,064,156	589,768	533,950	2,445,051	2,598,106	-5.89%
Capital grants and contributions and restricted interest	1,028,574	0	0	0	1,028,574	0	100.00%
General revenues:							
Property tax	6,387,663	5,865,113	0	0	6,387,663	5,865,113	8.91%
Local option sales and services tax	619,318	497,630	0	0	619,318	497,630	24.45%
Unrestricted state grants	8,207,426	7,809,971	0	0	8,207,426	7,809,971	5.09%
Other	706,584	174,614	7,319	2,977	713,903	177,591	301.99%
Total revenues	20,737,604	18,261,535	1,514,660	1,476,722	22,252,264	19,738,257	12.74%
Program expenses:							
Governmental activities:							
Instructional	11,166,597	10,950,411	0	0	11,166,597	10,950,411	1.97%
Support services	5,316,741	4,962,157	0	0	5,316,741	4,962,157	7.15%
Non-instructional programs	0	0	1,439,807	1,376,865	1,439,807	1,376,865	4.57%
Other expenses	1,502,896	1,390,645	0	0	1,502,896	1,390,645	8.07%
Total expenses	17,986,234	17,303,213	1,439,807	1,376,865	19,426,041	18,680,078	3.99%
Changes in net assets before other financing sources	2,751,370	958,322	74,853	99,857	2,826,223	1,058,179	-167.08%
Other financing sources:							
Contributed capital	0	0	1,977	0	1,977	0	100.00%
Changes in net assets	2,751,370	958,322	76,830	99,857	2,828,200	1,058,179	167.27%
Beginning net assets	12,630,778	11,672,456	514,015	414,158	13,144,793	12,086,614	8.75%
Ending net assets	\$ 15,382,148	12,630,778	590,845	514,015	15,972,993	13,144,793	21.52%

In fiscal 2007, property tax and unrestricted state grants account for 70.38% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.39% of the revenue from business type activities.

The District's total revenues were approximately \$22.25 million of which \$20.74 million was for governmental activities and approximately \$1.51 million was for business type activities.

As shown in FigureA-4, the District as a whole experienced a 12.75% increase in revenues and a 3.99% increase in expenses. The increase in expenses was a result of the increases in the negotiated salaries and benefits.

Figure A-5

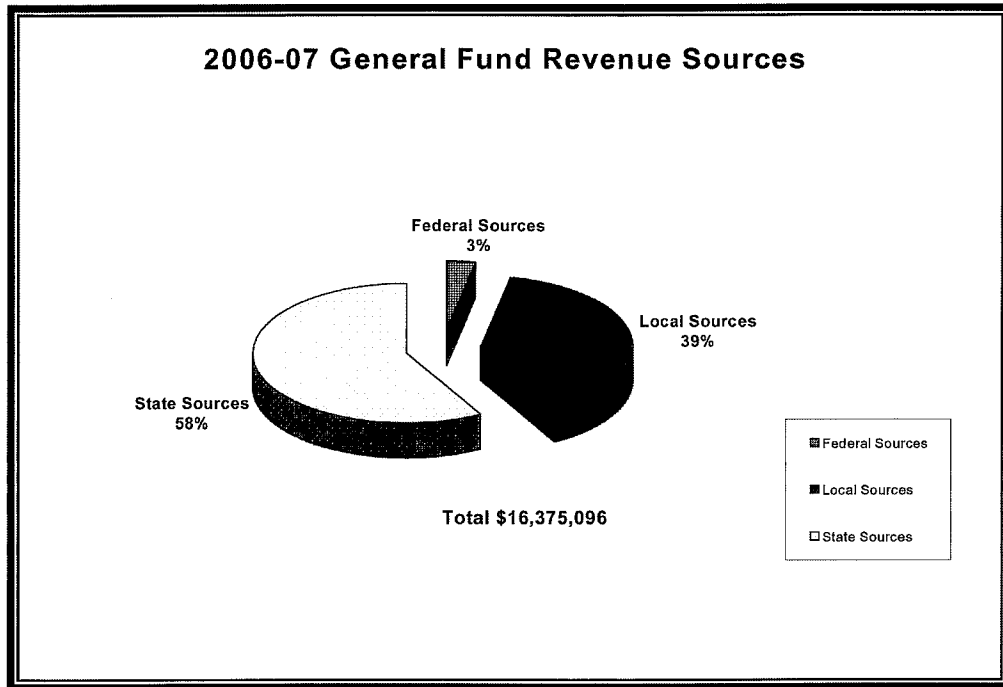
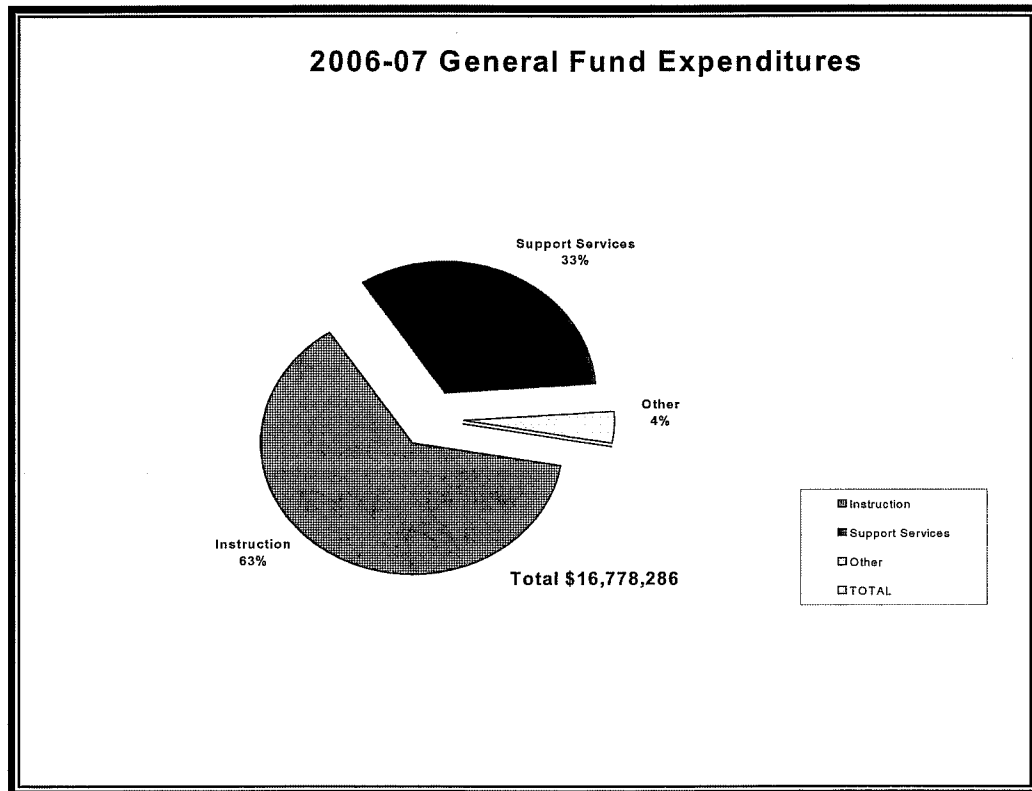


Figure A-6



Governmental Activities

Revenues for governmental activities were \$20,737,604 while expenses amounted to \$17,986,234. Figure A-7 presents the total cost and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 11,166,597	10,950,411	1.97%	8,092,279	7,717,182	4.86%
Support services	5,316,741	4,962,157	7.15%	5,224,717	4,861,291	7.48%
Other expenses	1,502,896	1,390,645	8.07%	(147,375)	810,533	-118.18%
Totals	<u>\$ 17,986,234</u>	<u>17,303,213</u>	<u>3.95%</u>	<u>13,169,621</u>	<u>13,389,006</u>	<u>-1.64%</u>

The cost financed by users of the District programs was \$1,932,756.

Federal and state governments subsidized certain programs with grants and contributions totaling \$2,883,857.

The net cost of governmental activities was financed with \$6,387,663 in property tax, \$8,207,426 in state grants, \$619,318 in local option sales and service tax and \$622,168 in interest income.

Business-Type Activities

Revenues of the District's business-type activities increased from \$1,476,722 to \$1,516,637 while expenses increased also from \$1,376,865 to \$1,439,807. The District's business-type activities include the School Nutrition Fund and Day Care. Revenues of these activities were comprised of charges for services, federal and state reimbursements, grants and investment income.

Financial Analysis of the District's Funds

As previously noted, the Glenwood Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$22,654,770 an increase of \$8,102,957 above last year's ending fund balances of \$14,551,813. The primary reason for the increase in combined fund balances in fiscal 2007 was due to the Local Option Sales Tax revenue and revenue from a new General Obligation Bond Issue.

Governmental Fund Highlights

- The General Fund balance decreased from \$3,196,537 to \$2,793,347 due to adding additional staff; two teachers, one administrator and three plant and operation positions.**
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$222,240 to \$384,921 in preparation for upcoming needs.**
- The Capital Projects Fund balance increased from \$10,531,564 to \$18,466,025 because of the Local Option Sales Tax revenue and revenue from the sale of second Bond for the new high school project.**

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$368,216 in fiscal 2006 to \$454,884 in fiscal 2007, representing an increase of approximately 23.5% percent. The District belongs to the Iowa Consortium for purchasing food supplies which helped with the savings increase.

Kids Place raised their rates by 10% for its day care program to off set the costs associated with running this program.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. As of the year ended June 30, 2007, the District exceeded budgeted expenditures in the support services function.

General Fund Budgetary Highlights

- **The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.**
- **The District's General Fund total actual receipts of \$16,375,096 were \$290,806 less than the total budgeted receipts of \$16,665,902. In conjunction with the Districts budgeting practice the most significant change resulted in the District receiving a decrease in tuition and transportation receipts and state funding.**
- **The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.**
- **General Fund revenues and other financing sources were less than expenditures and other financing uses by approximately \$403,190. The solvency ratio position of the School District is 3.9% which is within the acceptable solvency position of 0% to 4.99% but under the targeted solvency position recommended by the state of 5% to 10%.**

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal 2007, the District had invested \$14,449,070, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, equipment and transportation equipment. This amount represents an increase from last year. Depreciation expense for the year was \$488,209.

The original cost of the District's capital assets was \$21.0 million. Governmental funds account for \$20.7 million with the remainder of \$.3 million in the Proprietary, School Nutrition Fund and Day Care.

**Figure A-8
Capital Assets, Net of Depreciation**

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 605,599	436,266	0	0	605,599	436,266	38.81%
Construction in progress	2,334,361	393,695	0	0	2,334,361	393,695	492.94%
Buildings	10,842,213	10,891,948	0	0	10,842,213	10,891,948	-0.46%
Land improvements	64,761	78,001	0	0	64,761	78,001	-16.97%
Machinery and equipment	509,372	503,996	92,764	98,238	602,136	602,234	-0.02%
Total	\$ 14,356,306	12,303,906	92,764	98,238	14,449,070	12,402,144	14.17%

Long-Term Debt

At year-end, the District had \$21,514,970 in general obligation debt and other long-term debt outstanding. This represents an increase of approximately 51.9% percent from last year.

**Figure A-9
Outstanding Long-Term Obligations**

	Total School District		Total Change
	2007	2006	
General obligation bonds	\$ 21,030,000	13,255,000	58.7%
Capital loan notes	305,000	600,000	-49.2%
Bus loans	56,140	110,118	-49.0%
Early retirement	95,208	166,880	-42.9%
Compensated absences	28,622	28,781	-0.6%
Totals	\$ 21,514,970	14,160,779	51.9%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget.
- The state aid funding of 4% Allowable Growth is too low for the education needs of our district.
- Increased health insurance cost has had and will continue to impact the District.
- The number of open enrollment students leaving the district is extremely high.

- **The need to pass the Instructional Support Levy.**
- **The increase in transportation and utility costs.**
- **Mandates of No Child Left Behind.**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Judy Picker, District Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

BASIC FINANCIAL STATEMENTS

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 22,334,571	469,620	22,804,191
Receivables:			
Property tax:			
Delinquent	98,455	0	98,455
Succeeding year	6,934,199	0	6,934,199
Accounts	138	5,673	5,811
Due from other governments	1,147,433	14,205	1,161,638
Other	29,190	0	29,190
Inventories	741,967	47,935	789,902
Capital assets, net of accumulated depreciation(Note 4)	14,356,306	92,764	14,449,070
TOTAL ASSETS	45,642,259	630,197	46,272,456
LIABILITIES			
Accounts payable	318,019	103	318,122
Salaries and benefits payable	1,377,785	23,470	1,401,255
Accrued interest payable	115,138	0	115,138
Deferred revenue:			
Succeeding year property tax	6,934,199	0	6,934,199
Unearned revenue	0	15,779	15,779
Long-term liabilities(Note 5):			
Portion due within one year:			
Bonds payable	730,000	0	730,000
Capital loan notes payable	305,000	0	305,000
Bus loans payable	56,140	0	56,140
Early retirement payable	95,208	0	95,208
Compensated absences payable	28,622	0	28,622
Portion due after one year:			
Bonds payable	20,300,000	0	20,300,000
TOTAL LIABILITIES	30,260,111	39,352	30,299,463
NET ASSETS			
Investment in capital assets, net of related debt	9,295,359	92,764	9,388,123
Restricted for:			
Talented and gifted	4,022	0	4,022
Beginning teacher mentoring	2,399	0	2,399
Additional teacher contract day	1,615	0	1,615
Market factor	13,856	0	13,856
Management levy	502,051	0	502,051
Physical plant and equipment levy	384,921	0	384,921
Capital projects	2,135,832	0	2,135,832
Debt service	274,095	0	274,095
Other special revenue purposes	139,123	0	139,123
Unrestricted	2,628,875	498,081	3,126,956
TOTAL NET ASSETS	\$ 15,382,148	590,845	15,972,993

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Contributions and Restricted Interest	Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business-Type Activities	Total
Expenses							
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 6,505,819	477,802	1,115,380	0	(4,912,637)	0	(4,912,637)
Special instruction	3,018,858	996,337	111,685	0	(1,910,836)	0	(1,910,836)
Other instruction	1,641,920	373,114	0	0	(1,268,806)	0	(1,268,806)
	11,166,597	1,847,253	1,227,065	0	(8,092,279)	0	(8,092,279)
Support services:							
Student services	456,478	0	0	0	(456,478)	0	(456,478)
Instructional staff services	445,261	0	0	0	(445,261)	0	(445,261)
Administration services	1,878,412	0	0	0	(1,878,412)	0	(1,878,412)
Operation and maintenance of plant services	1,554,008	0	0	0	(1,554,008)	0	(1,554,008)
Transportation services	982,582	85,503	6,521	0	(890,558)	0	(890,558)
	5,316,741	85,503	6,521	0	(5,224,717)	0	(5,224,717)
Other expenditures:							
Facilities acquisitions	0	0	0	1,028,574	1,028,574	0	1,028,574
Long-term debt interest	581,015	0	0	0	(581,015)	0	(581,015)
AEA flowthrough	621,697	0	621,697	0	0	0	0
Depreciation(unallocated)*	300,184	0	0	0	(300,184)	0	(300,184)
	1,502,896	0	621,697	1,028,574	147,375	0	147,375
Total governmental activities	17,986,234	1,932,756	1,855,283	1,028,574	(13,169,621)	0	(13,169,621)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	877,150	554,771	400,550	0	0	78,171	78,171
Daycare services	562,657	362,802	189,218	0	0	(10,637)	(10,637)
Total business-type activities	1,439,807	917,573	589,768	0	0	67,534	67,534
Total	\$ 19,426,041	2,850,329	2,445,051	1,028,574	(13,169,621)	67,534	(13,102,087)
General Revenues:							
Property tax levied for:							
General purposes				\$ 5,044,157	0		5,044,157
Debt service				859,814	0		859,814
Capital outlay				483,692	0		483,692
Local option sales and service tax				619,318	0		619,318
Unrestricted state grants				8,207,426	0		8,207,426
Unrestricted investment earnings				622,168	7,319		629,487
Other				84,416	0		84,416
Total general revenues				15,920,991	7,319		15,928,310
Change in net assets before other financing sources				2,751,370	74,853		2,826,223
Other financing sources:							
Contributed capital				0	1,977		1,977
Change in net assets				2,751,370	76,830		2,828,200
Net assets beginning of year				12,630,778	514,015		13,144,793
Net assets end of year				\$ 15,382,148	590,845		15,972,993

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects	Nonmajor Special Revenue	Total
Assets				
Cash and pooled investments	\$ 2,861,241	18,107,391	1,364,759	22,333,391
Receivables:				
Property tax				
Delinquent	65,570	0	32,885	98,455
Succeeding year	5,066,255	0	1,867,944	6,934,199
Accounts	138	0	0	138
Due from other governments	539,080	608,353	0	1,147,433
Other	0	29,190	0	29,190
Inventories	741,967	0	0	741,967
Total assets	\$ 9,274,251	18,744,934	3,265,588	31,284,773
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 36,864	278,909	2,246	318,019
Salaries and benefits payable	1,377,785	0	0	1,377,785
Deferred revenue:				
Succeeding year property tax	5,066,255	0	1,867,944	6,934,199
Total liabilities	6,480,904	278,909	1,870,190	8,630,003
Fund balances:				
Reserved for:				
Debt service	0	0	274,095	274,095
Inventories	741,967	0	0	741,967
Talented and gifted	4,022	0	0	4,022
Beginning teacher mentoring	2,399	0	0	2,399
Additional teacher contract day	1,615	0	0	1,615
Market factor	13,856	0	0	13,856
Unreserved	2,029,488	18,466,025	1,121,303	21,616,816
Total fund balances	2,793,347	18,466,025	1,395,398	22,654,770
Total liabilities and fund balances	\$ 9,274,251	18,744,934	3,265,588	31,284,773

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total fund balances of governmental funds (page 18)	\$ 22,654,770
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	14,356,306
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	1,180
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(115,138)
Long-term liabilities, including bonds payable, capital loan notes payable, bus loan payable, early retirement payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(21,514,970)
Net assets of governmental activities (page 16)	<u><u>\$ 15,382,148</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Total Special Revenue	Total
REVENUES:				
Local sources:				
Local tax	\$ 4,644,208	0	1,743,455	6,387,663
Local option sales and service tax	0	619,318	0	619,318
Tuition	1,390,963	0	0	1,390,963
Other	303,281	490,973	424,847	1,219,101
Intermediate sources	907	0	0	907
State sources	9,633,158	1,028,574	1,213	10,662,945
Federal sources	402,579	0	0	402,579
Total revenues	16,375,096	2,138,865	2,169,515	20,683,476
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	6,470,471	0	76,552	6,547,023
Special instruction	3,018,858	0	0	3,018,858
Other instruction	1,277,108	0	385,830	1,662,938
	10,766,437	0	462,382	11,228,819
Support services:				
Student services	456,478	0	0	456,478
Instructional staff services	442,057	0	0	442,057
Administration services	2,100,579	0	23,998	2,124,577
Operation and maintenance of plant services	1,433,977	0	108,295	1,542,272
Transportation services	957,061	0	38,245	995,306
	5,390,152	0	170,538	5,560,690
Other expenditures:				
Facilities acquisitions	0	2,092,640	9,428	2,102,068
Long-term debt:				
Principal	0	0	848,978	848,978
Interest and fiscal charges	0	0	532,392	532,392
AEA flowthrough	621,697	0	0	621,697
	621,697	2,092,640	1,390,798	4,105,135
Total expenditures	16,778,286	2,092,640	2,023,718	20,894,644
Excess (deficiency) of revenues over (under) expenditures	(403,190)	46,225	145,797	(211,168)
Other financing sources (uses):				
Sale of property	0	0	54,128	54,128
Transfers in	0	0	749,086	749,086
Transfers out	0	(371,761)	(377,325)	(749,086)
General obligation bonds issued	0	8,275,000	0	8,275,000
Discount on bond issuance	0	(47,761)	0	(47,761)
Premiums on bond issuance	0	32,758	0	32,758
Total other financing sources (uses)	0	7,888,236	425,889	8,314,125
Net change in fund balances	(403,190)	7,934,461	571,686	8,102,957
Fund balances beginning of year	3,196,537	10,531,564	823,712	14,551,813
Fund balances end of year	\$ 2,793,347	18,466,025	1,395,398	22,654,770

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2007

Net change in fund balances - total governmental funds (page 20) \$ 8,102,957

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 2,528,871	
Depreciation expense	(473,354)	
Loss on disposal of assets	<u>(3,117)</u>	2,052,400

Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis. (1,173)

Proceeds of long-term debt liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	\$ (8,275,000)	
Repaid	<u>848,978</u>	(7,426,022)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (48,623)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	\$ 71,672	
Compensated absences	<u>159</u>	71,831

Changes in net assets of governmental activities (page 17) \$ 2,751,370

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Assets				
Cash and pooled investments	\$ 356,248	113,372	469,620	1,180
Receivables:				
Accounts	140	5,533	5,673	0
Due from other governments	0	14,205	14,205	0
Inventories	29,412	18,523	47,935	0
Capital assets, net of accumulated depreciation (Note 4)	89,128	3,636	92,764	0
Total assets	474,928	155,269	630,197	1,180
Liabilities				
Current liabilities:				
Accounts payable	0	103	103	0
Salaries and benefits payable	4,265	19,205	23,470	0
Unearned revenue	15,779	0	15,779	0
Total liabilities	20,044	19,308	39,352	0
Net assets				
Investment in capital assets, net of related debt	89,128	3,636	92,764	0
Unrestricted	365,756	132,325	498,081	1,180
Total net assets	\$ 454,884	135,961	590,845	1,180

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 554,771	362,802	917,573	9,340
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	286,843	411,692	698,535	0
Benefits	46,226	80,305	126,531	10,513
Services	14,324	4,224	18,548	0
Supplies	515,357	65,981	581,338	0
Depreciation	14,400	455	14,855	0
TOTAL OPERATING EXPENSES	877,150	562,657	1,439,807	10,513
OPERATING LOSS	(322,379)	(199,855)	(522,234)	(1,173)
NON-OPERATING REVENUES:				
State sources	10,925	0	10,925	0
Federal sources	389,625	189,218	578,843	0
Interest on investments	6,520	799	7,319	0
TOTAL NON-OPERATING REVENUES	407,070	190,017	597,087	0
Net income(loss) before other financing uses	84,691	(9,838)	74,853	(1,173)
Other financing sources:				
Contributed capital	1,977	0	1,977	0
Net income(loss)	86,668	(9,838)	76,830	(1,173)
Net assets beginning of year	368,216	145,799	514,015	2,353
Net assets end of year	\$ 454,884	135,961	590,845	1,180

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 581,989	0	581,989	0
Cash received from miscellaneous operating activities	3,158	356,013	359,171	9,340
Cash payments to employees for services	(339,090)	(472,792)	(811,882)	(10,513)
Cash payments to suppliers for goods or services	(490,605)	(70,568)	(561,173)	0
Net cash used in operating activities	(244,548)	(187,347)	(431,895)	(1,173)
Cash flows from non-capital financing activities:				
State grants received	10,925	0	10,925	0
Federal grants received	343,348	189,218	532,566	0
Net cash provided by non-capital financing activities	354,273	189,218	543,491	0
Cash flows from capital and related financing activities:				
Purchase of capital assets	(7,404)	0	(7,404)	0
Cash flows from investing activities:				
Interest on investments	6,520	799	7,319	0
Net increase(decrease) in cash and cash equivalents	108,841	2,670	111,511	(1,173)
Cash and cash equivalents at beginning of year	247,407	110,702	358,109	2,353
Cash and cash equivalents at end of year	\$ 356,248	113,372	469,620	1,180
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (322,379)	(199,855)	(522,234)	(1,173)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	46,277	0	46,277	0
Depreciation	14,400	455	14,855	0
(Increase)decrease in inventories	(7,201)	(5)	(7,206)	0
Increase in accounts receivable	(140)	(2,111)	(2,251)	0
(Increase)decrease in due from other governments	27,662	(4,678)	22,984	0
Decrease in accounts payable	0	(358)	(358)	0
Decrease in early retirement benefits payable	(10,286)	0	(10,286)	0
Increase in salary and benefits payable	4,265	19,205	23,470	0
Increase in unearned revenue	2,854	0	2,854	0
Net cash used in operating activities	\$ (244,548)	(187,347)	(431,895)	(1,173)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 356,248	113,372	469,620	1,180

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$46,277.

During the year ended June 30, 2007, the School Nutrition Fund received contributed capital from the General Fund of \$1,977.

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Agency Fund</u>
Assets	
Cash and pooled investments	\$ 14,773
Total assets	<u>\$ 14,773</u>
 LIABILITIES	
Accounts payable	\$ 200
Due to other groups	<u>14,573</u>
Total liabilities	<u>14,773</u>
 Net assets	<u>\$ -</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Summary of Significant Accounting Policies

The Glenwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Glenwood Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Glenwood Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pottawattamie and Mills Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, the Enterprise, Day Care Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the flex benefit programs.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Property, furniture and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the support services function exceeded budgeted amounts.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 19,251,868</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Physical Plant and Equipment Levy	\$ 377,325
Debt Service	Capital Projects	<u>371,761</u>
Total		<u>\$ 749,086</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 436,266	175,583	6,250	605,599
Construction in progress	393,695	1,940,666	0	2,334,361
Total capital assets not being depreciated	829,961	2,116,249	6,250	2,939,960
Capital assets being depreciated:				
Buildings	14,671,996	237,209	0	14,909,205
Land improvements	264,816	0	0	264,816
Machinery and equipment	2,478,517	181,663	69,107	2,591,073
Total capital assets being depreciated	17,415,329	418,872	69,107	17,765,094
Less accumulated depreciation for:				
Buildings	3,780,048	286,944	0	4,066,992
Land improvements	186,815	13,240	0	200,055
Machinery and equipment	1,974,521	173,170	65,990	2,081,701
Total accumulated depreciation	5,941,384	473,354	65,990	6,348,748
Total capital assets being depreciated, net	11,473,945	(54,482)	3,117	11,416,346
Governmental activities capital assets, net	\$ 12,303,906	2,061,767	9,367	14,356,306

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 15,547
Support services:	
Instructional staff services	3,723
Administration	4,928
Operation and maintenance of plant services	14,009
Transportation	134,963
	173,170
Unallocated depreciation	300,184
Total governmental activities depreciation expense	\$ 473,354
Business-type activities:	
Food services	\$ 14,400
Day care	455
Total business-type activities depreciation expense	\$ 14,855

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 324,306	9,381	1,790	331,897
Less accumulated depreciation	226,068	14,855	1,790	239,133
Business-type activities capital assets, net	\$ 98,238	(5,474)	0	92,764

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 13,255,000	8,275,000	500,000	21,030,000	730,000
Capital Loan Notes	600,000	0	295,000	305,000	305,000
Bus Loans	110,118	0	53,978	56,140	56,140
Early Retirement	166,880	95,208	166,880	95,208	95,208
Compensated Absences	28,781	28,622	28,781	28,622	28,622
Total	\$ 14,160,779	8,398,830	1,044,639	21,514,970	1,214,970

Capital Loan Notes

On April 14, 1999, the District issued \$2,565,000 of capital loan notes to finance additions to the Northeast Elementary Building. These notes were sold in March, 1999. Maturities and interest rates of notes outstanding at June 30, 2007 are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	4.45 %	\$ 305,000	10,198	315,198

Bus Loans

Details of the District's June 30, 2007 bus loans indebtedness are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2008	3.95 %	\$ 56,140	2,248	58,388

Bonds Payable

During the year ended June 30, 2007, the District issued \$8,275,000 in general obligation bonds dated June 1, 2007 for construction costs for a new high school. The new bonds have been added to the appropriate financial statements and schedules.

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2006			Bond Issue of June 15, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2008	4.50 % \$	325,000	90,192	4.00 % \$	210,000	405,557
2009	4.50	340,000	75,569	4.00	125,000	397,157
2010	4.50	350,000	60,269	4.00	10,000	392,157
2011	4.50	365,000	44,519	4.00	130,000	391,757
2012	3.63	380,000	28,094	4.00	135,000	386,558
2013-2017	3.63	395,000	14,319	4.00	2,495,000	1,746,789
2018-2022		-	-	4-4.05	3,515,000	1,134,145
2023-2027		-	-	4.10	3,380,000	353,625
Total		\$ 2,155,000	312,962		\$ 10,000,000	5,207,745

Bond Issue of October 1, 2002			Bond Issue of June 1, 2007			Total	
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
3.10 % \$	195,000	19,820	4.00 % \$	-	331,000	\$ 730,000	846,569
3.30	200,000	13,775	4.00	80,000	331,000	745,000	817,501
3.50	205,000	7,175	4.00	205,000	327,800	770,000	787,401
-	-	-	4.00	305,000	319,600	800,000	755,876
-	-	-	4.00	310,000	307,400	825,000	722,052
-	-	-	4.00	1,775,000	1,338,400	4,665,000	3,099,508
-	-	-	4.00	2,170,000	953,400	5,685,000	2,087,545
-	-	-	4.00	3,430,000	495,600	6,810,000	849,225
\$ 600,000	40,770		\$ 8,275,000	4,404,200	\$ 21,030,000	9,965,677	

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to the difference between whatever teaching salary is received in the year in which the employee retires and the beginning BA salary upon leaving the employer multiplied by a percentage based on the employee's age. The cost of early retirement benefits paid during the year ended June 30, 2007, totaled \$166,880.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$621,392, \$591,261, and \$567,209 respectively, equal to the required contributions for each year.

(7) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental and vision.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2006 were \$1,367,202.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$621,697 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Construction Commitments

The District has entered into construction contracts totaling \$18,099,000 for the construction of a new high school. As of June 30, 2007, the District has paid \$1,526,749 towards these contracts. The remaining \$16,572,251 will be paid as work on the project progresses.

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2007 disbursements in the support services functional area exceeded the amount budgeted.

REQUIRED SUPPLEMENTAL INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Governmental	Proprietary		Budgeted Amounts		Final to
	Funds	Funds	Total	Original	Final	Actual
	Actual	Actual	Actual			Variance
Revenues:						
Local sources	\$ 9,617,045	924,892	10,541,937	10,830,700	10,830,700	(288,763)
Intermediate sources	907	0	907	6,000	6,000	(5,093)
State sources	10,662,945	10,925	10,673,870	11,332,212	11,332,212	(658,342)
Federal sources	402,579	578,843	981,422	1,206,000	1,206,000	(224,578)
Total revenues	20,683,476	1,514,660	22,198,136	23,374,912	23,374,912	(1,176,776)
Expenditures:						
Instruction	11,228,819	0	11,228,819	15,680,360	15,680,360	4,451,541
Support services	5,560,690	0	5,560,690	5,059,643	5,059,643	(501,047)
Non-instructional programs	0	1,439,807	1,439,807	1,888,058	1,888,058	448,251
Other expenditures	4,105,135	0	4,105,135	25,630,173	25,630,173	21,525,038
Total expenditures	20,894,644	1,439,807	22,334,451	48,258,234	48,258,234	25,923,783
Excess(deficiency) of revenues over(under) expenditures	(211,168)	74,853	(136,315)	(24,883,322)	(24,883,322)	24,747,007
Other financing sources, net	8,314,125	1,977	8,316,102	5,000	2,000	8,314,102
Excess(deficiency) of revenues over(under) expenditures	8,102,957	76,830	8,179,787	(24,878,322)	(24,881,322)	33,061,109
Balance beginning of year	14,551,813	514,015	15,065,828	25,163,062	25,163,062	(10,097,234)
Balance end of year	\$ 22,654,770	590,845	23,245,615	284,740	281,740	22,963,875

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures in the support services function exceeded budgeted amounts.

OTHER SUPPLEMENTAL INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2007

	Special Revenue Funds						
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
Assets							
Cash and pooled investments	\$ 592,116	138,172	375,115	2,693	1,108,096	256,663	1,364,759
Receivables:							
Property tax							
Current year delinquent	5,647	0	9,806	0	15,453	17,432	32,885
Succeeding year	372,000	0	525,222	0	897,222	970,722	1,867,944
Total assets	\$ 969,763	138,172	910,143	2,693	2,020,771	1,244,817	3,265,588
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 504	1,742	0	0	2,246	0	2,246
Deferred revenue							
Succeeding year property tax	372,000	0	525,222	0	897,222	970,722	1,867,944
Total liabilities	372,504	1,742	525,222	0	899,468	970,722	1,870,190
Fund balances:							
Reserved for debt service	0	0	0	0	0	274,095	274,095
Unreserved fund balances	597,259	136,430	384,921	2,693	1,121,303	0	1,121,303
Total fund balances	597,259	136,430	384,921	2,693	1,121,303	274,095	1,395,398
Total liabilities and fund balances	\$ 969,763	138,172	910,143	2,693	2,020,771	1,244,817	3,265,588

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007

	Special Revenue Funds						
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 399,949	0	483,692	0	883,641	859,814	1,743,455
Other	22,384	382,560	11,279	2,255	418,478	6,369	424,847
State sources	282	0	335	0	617	596	1,213
TOTAL REVENUES	422,615	382,560	495,306	2,255	1,302,736	866,779	2,169,515
EXPENDITURES:							
Current:							
Instruction:							
Regular instruction	74,624	0	0	1,928	76,552	0	76,552
Other instruction	0	384,875	0	955	385,830	0	385,830
Support services:							
Administration services	23,998	0	0	0	23,998	0	23,998
Operation and maintenance of plant services	108,295	0	0	0	108,295	0	108,295
Student transportation	38,245	0	0	0	38,245	0	38,245
Other expenditures:							
Facilities acquisitions	0	0	9,428	0	9,428	0	9,428
Long-term debt:							
Principal	0	0	0	0	0	848,978	848,978
Interest and fiscal charges	0	0	0	0	0	532,392	532,392
TOTAL EXPENDITURES	245,162	384,875	9,428	2,883	642,348	1,381,370	2,023,718
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	177,453	(2,315)	485,878	(628)	660,388	(514,591)	145,797
OTHER FINANCING SOURCE (USES):							
Sale of property	0	0	54,128	0	54,128	0	54,128
Transfer in	0	0	0	0	0	749,086	749,086
Transfer out	0	0	(377,325)	0	(377,325)	0	(377,325)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(323,197)	0	(323,197)	749,086	425,889
EXCESS (DEFICIENCY) OF REVENUES AND OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	177,453	(2,315)	162,681	(628)	337,191	234,495	571,686
FUND BALANCES BEGINNING OF YEAR	419,806	138,745	222,240	3,321	784,112	39,600	823,712
FUND BALANCES END OF YEAR	\$ 597,259	136,430	384,921	2,693	1,121,303	274,095	1,395,398

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech MS	\$ 1,442	712	483	1,671
Speech HS	8	0	8	0
Music MS	1,506	723	1,011	1,218
Musical HS	4,779	1,158	4,862	1,075
Music HS	853	0	853	0
Vocal Music HS	8,641	16,998	13,737	11,902
Show Choir	6,144	3,105	1,052	8,197
Band MS	24	1,125	1,141	8
Band HS	0	11,504	8,218	3,286
Band Trip	10,676	11,822	18,892	3,606
Athletics	12,623	110,376	121,805	1,194
Cross County - Boys	978	5,531	5,616	893
Cross County - Girls	807	1,908	1,296	1,419
Basketball - Boys	350	7,326	7,676	0
Football	2,297	1,788	2,024	2,061
Soccer - Boys	2,361	3,109	4,254	1,216
Baseball	1,090	5,393	3,190	3,293
Track - Boys	3,755	5,748	6,720	2,783
Tennis - Boys	255	0	0	255
Wrestling	902	5,319	4,481	1,740
Basketball - Girls	868	2,268	2,243	893
Volleyball	1,801	9,206	7,765	3,242
Soccer - Girls	376	0	0	376
Softball	2,366	4,566	5,536	1,396
Softball Complex	552	985	566	971
Track - Girls	2,076	6,146	6,694	1,528
Annual HS	6,589	10,288	8,635	8,242
Annual MS	4,939	5,235	4,164	6,010
National Art	0	815	647	168
Black and Gold	1,660	2,139	1,426	2,373
Building Bridges	344	0	114	230
Cheerleaders HS	2,097	8,392	8,434	2,055
Dance Team	197	5,607	5,516	288
Chess Club HS	324	0	0	324
Class of 2007	343	0	343	0
Class of 2008	50	16,134	15,841	343
Class of 2009	0	40	0	40
FBLA	65	0	0	65
FFA	3,560	16,033	17,765	1,828
FCA	89	0	0	89
Fragments	241	0	165	76

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Foreign Language	316	0	0	316
FCCLA	2,989	5,643	6,063	2,569
Peer Tutoring	2	0	0	2
REACH	634	512	857	289
Builders Club	430	528	497	461
SW Honor Band	46	0	0	46
Comm Prev Group	17	0	0	17
Student Council MS	1,540	896	432	2,004
Media Book Club	473	0	0	473
Great Race	227	0	227	0
Key Club	1	85	0	86
Student Council HS	587	3,090	1,940	1,737
Special 21	5,391	9,446	1,404	13,433
Library HS	265	0	0	265
NE Elementary	8,862	31,094	31,352	8,604
Ram Shack	1,581	2,266	1,414	2,433
Uniform Clean MS	59	0	0	59
Uniform Clean HS	2,249	1,241	1,091	2,399
Vending Trans	396	692	911	177
Vending MS	2,316	5,338	5,770	1,884
Vending HS	3,333	11,293	10,871	3,755
Weight Room	24	0	0	24
Vocal Robe Clean	3,898	1,340	0	5,238
Vending Bldg Brdg	4,760	813	1,597	3,976
West Elementary	10,321	26,784	27,276	9,829
Total	\$ 138,745	382,560	384,875	136,430

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECT FUND
 JUNE 30, 2007

	Capital Projects Fund		
	Building Projects	Local Option Sales Tax	Total
Assets			
Cash and pooled investments	\$ 16,577,652	1,529,739	18,107,391
Receivables:			
Due from other governments	0	608,353	608,353
Other	29,190	0	29,190
Total assets	\$ 16,606,842	2,138,092	18,744,934
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 276,649	2,260	278,909
Total liabilities	276,649	2,260	278,909
Fund balances:			
Reserved for construction	16,330,193	0	16,330,193
Unreserved fund balance	0	2,135,832	2,135,832
Total fund balances	16,330,193	2,135,832	18,466,025
Total liabilities and fund balances	\$ 16,606,842	2,138,092	18,744,934

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECT FUND
 YEAR ENDED JUNE 30, 2007

	Capital Project Fund		
	Building Projects	Local Option Sales Tax	Total
REVENUES:			
Local sources:			
Local option sales and service tax	\$ 0	619,318	619,318
Interest on investments	484,245	6,728	490,973
State sources	0	1,028,574	1,028,574
TOTAL REVENUES	484,245	1,654,620	2,138,865
EXPENDITURES:			
Current:			
Other expenditures:			
Facilities acquisitions	1,925,663	166,977	2,092,640
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,441,418)	1,487,643	46,225
OTHER FINANCING SOURCE (USES):			
General obligation bonds issued	8,275,000	0	8,275,000
Discount on bond issuance	(47,761)	0	(47,761)
Premiums on bond issuance	32,758	0	32,758
Transfer out to debt service	0	(371,761)	(371,761)
TOTAL OTHER FINANCING SOURCES (USES)	8,259,997	(371,761)	7,888,236
EXCESS (DEFICIENCY) OF REVENUES AND OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	6,818,579	1,115,882	7,934,461
FUND BALANCES BEGINNING OF YEAR	9,511,614	1,019,950	10,531,564
FUND BALANCES END OF YEAR	\$ 16,330,193	2,135,832	18,466,025

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 10,858	76,137	72,222	14,773
LIABILITIES				
Accounts payable	0	200	0	200
Due to other groups	10,858	75,937	72,222	14,573
TOTAL LIABILITIES	\$ 10,858	76,137	72,222	14,773

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 7,006,981	6,362,743	6,689,807	5,942,689
Tuition	1,390,963	1,241,834	1,220,022	1,279,884
Other	1,219,101	738,487	599,906	495,963
Intermediate sources	907	0	3,340	0
State sources	10,662,945	9,365,348	8,794,897	8,398,795
Federal sources	402,579	508,779	886,886	834,825
Total	<u>\$ 20,683,476</u>	<u>18,217,191</u>	<u>18,194,858</u>	<u>16,952,156</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 6,547,023	6,331,639	6,149,662	5,808,253
Special instruction	3,018,858	2,753,613	2,677,056	2,974,237
Other instruction	1,662,938	1,763,825	1,767,899	987,870
Support services:				
Student services	456,478	427,469	253,499	590,896
Instructional staff services	442,057	377,647	470,012	423,069
Administration services	2,124,577	1,814,010	1,502,756	1,399,672
Operation and maintenance of plant services	1,542,272	1,347,271	1,296,220	1,593,281
Transportation services	995,306	932,399	821,126	836,311
Central support services	0	0	0	18,293
Non-instructional programs	0	0	193	2,100
Other expenditures:				
Facilities acquisitions	2,102,068	825,452	758,985	476,431
Long-term debt:				
Principal	848,978	806,900	730,000	695,000
Interest and other charges	532,392	327,949	221,687	248,611
AEA flow-through	621,697	580,112	551,814	547,349
Total	<u>\$ 20,894,644</u>	<u>18,288,286</u>	<u>17,200,909</u>	<u>16,601,373</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 07	\$ 46,277
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 07	71,131
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 07	238,605
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 07	33,612
			<u>343,348</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 07	<u>23,390</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-G	165,996
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-D	14,762
			<u>180,758</u>
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 07	<u>2,996</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 07	<u>2,327</u>
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES	84.323	FY 07	<u>4,750</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 07	<u>60,033</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 06	2,420
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 07	11,468
			<u>13,888</u>

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
DEPARTMENT OF EDUCATION (CONTINUED):			
IOWA WESTERN COMMUNITY COLLEGE:			
VOCATIONAL EDUCATION - BASIC GRANTS			
TO STATES	84.048	FY 07	<u>13,702</u>
LOESS HILLS AEA 13:			
SPECIAL EDUCATION - GRANTS TO			
STATE (PART B)	84.027	FY 07	<u>106,935</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CHILD CARE AND DEVELOPMENT BLOCK			
GRANT - WRAP AROUND GRANT	93.575	FY 07	<u>165,828</u>
TOTAL			<u>\$ 964,232</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glenwood Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Glenwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 4, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Glenwood Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Glenwood Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Glenwood Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Glenwood Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Glenwood Community School District's financial statements that is more than inconsequential will not be prevented or detected by Glenwood Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Glenwood Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glenwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Glenwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Glenwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Glenwood Community School District and other parties to whom Glenwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Glenwood Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 4, 2008

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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Glenwood Community School District

Compliance

We have audited the compliance of Glenwood Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Glenwood Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Glenwood Community School District's management. Our responsibility is to express an opinion on Glenwood Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glenwood Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Glenwood Community School District's compliance with those requirements.

In our opinion, Glenwood Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Glenwood Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Glenwood Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glenwood Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a material weakness.

Glenwood Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Glenwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Glenwood Community School District and other parties to whom Glenwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

January 4, 2008

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children
 - Individual
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Glenwood Community School District did not qualify as a low-risk auditee.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Program for Children
Federal Award Year: 2007
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2007
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

III-B-07 Free and Reduced Lunch Applications - We noted during our audit that one of the free and reduced lunch applications in our testing were marked as free, but actually should have been marked as reduced.

Recommendation - The District should review the procedures in place for filing free and reduced lunch applications to ensure that the applications are filed correctly. The District should contact the Department of Education to correct the necessary reports.

Response - The District will review procedures to ensure free and reduced applications are determined properly in the future.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Reporting

IV-A-07 Certified Budget - During the year ended June 30, 2007, expenditures in the support services function exceeded the amount budgeted.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The District will amend the budget in the future when necessary.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-07 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Michelle Konfrst, Secretary Spouse of owner of Steve Konfrst Trash	Purchased Services	\$3,018
Michelle Konfrst, Secretary Spouse of owner of Konfrst Tree Service	Purchased Services	\$1,875
Aaron Aistrope, Bus Driver Son of owner of Aistrope Agency Inc.	Property Insurance	\$215,976
Deb Schoening, Secretary Mother of Alexa Schoening	Purchased Services	\$27

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouses, parents and children of the employees do not appear to represent a conflict of interest.

IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-07 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The bank has been contacted and we now receive both the front and back of all checks. The bank went back to July 1, 2007 and supplied fronts and backs of checks from that point on.

Conclusion - Response accepted.